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FM AMEMBASSY ASUNCION
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7678
INFO RUCNMR/MERCOSUR COLLECTIVE PRIORITY
RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

UNCLAS ASUNCION 000156

SIPDIS

STATE FOR WHA/BSC DASCHBACH

E.O. 12958: N/A

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SUBJECT: PARAGUAY LIBERATES INTERNET SERVICES

¶1. (U) Paraguay's National Telecommunications Commission (CONATEL) approved March 12 the liberalization of Internet services, ending the monopoly of state-owned telecommunications operator (COPACO). The measure will benefit private providers with fiber optic networks, and consumers will likely see immediate improvements in bandwidth pricing and services. (NOTE: Two of the three private telecommunication companies in Paraguay have the necessary infrastructure to expand their Internet services. END NOTE.)

¶2. (U) CONATEL, however, postponed the resolution to open the Voice-over-Internet-Protocol (VOIP) market until further notice. As VOIP popularity grows in Paraguay, CONATEL is interested in regulating it in a manner similar to the traditional telephone fixed-line service. (NOTE: The current VOIP monopoly generates over USD 70 million annually, shared among a handful of politically linked private operators licensed by CONATEL. END NOTE).

¶3. (SBU) COMMENT: While opening up VOIP seems a brige too far at this time, internet service liberalization is a positive, and welcome signal from the Lugo administration to the private sector, as it serves to increase competition, decrease political influence and improve services in the sector. END COMMENT.

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